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one full day solely to avoid payment under this Section.

4. Unit 10 employees who complete on call assignments of less than seven (7) consecutive days shall receive pro rata CTO or pro rata pay.

5. On call compensation can apply to all Unit 10 staff regardless of work week group.

ARTICLE 8 - RETIREMENT

Retirement benefit formulas and contribution rates for State employees are specified in the Government Code as summarized below. No provision of this article shall be deemed grievable or arbitrable under the grievance and arbitration procedure, except any claim of clerical error concerning an employee's retirement benefit shall be grievable up to CalHR's level.

8.1 Miscellaneous/Industrial - First Tier Members: First Tier A (2% at age 55), First Tier B (2% at age 60), and (PEPRA) First Tier (2% at age 62) Formulas/Contribution Rate/Final Compensation Earnable

A. First Tier retirement members first employed by the State prior to January 15, 2011 are subject to the First Tier A retirement formula.

B. First Tier retirement members first employed by the State on or after January 15, 2011 and prior to January 1, 2013 are subject to the First Tier B Retirement Formula. The First Tier B Retirement formula does not apply to:

- Former state employees who return to state employment on or after January 15, 2011.
- State employees hired prior to January 15, 2011 who were subject to the Alternate Retirement Program (ARP).
- State employees on approved leave of absence prior to January 15, 2011 who return to active employment on or after January 15, 2011.
- Persons who are already members or annuitants of the California Public Employees Retirement System as a state employee prior to January 15, 2011.

The above categories are subject to the First Tier A retirement formula.

C. Employees who are brought into CalPERS membership for the first time on or after January 1, 2013 and who are not eligible for reciprocity with another California public employer as provided in Government Code Section 7522.02(c) shall be subject to the "PEPRA

Retirement Formula.” As such, the PEPRAs changes to retirement formulas and pensionable compensation caps apply only to new CalPERS members subject to PEPRAs as defined under PEPRAs.

D. The table below lists the age/benefit factors for First Tier A, First Tier B, and PEPRAs First Tier formulas.

Age at Retirement	First Tier A Formula (2% at age 55)	First Tier B Formula (2% at age 60)	PEPRAs Formula (2% at age 62)
	Employees hired prior to January 15, 2011	Employees first hired on and after January 15, 2011 and prior to January 1, 2013	Employees eligible for CalPERS Membership for the first time on and after January 1, 2013
50	1.100	1.092	N/A
51	1.280	1.156	N/A
52	1.460	1.224	1.00
53	1.640	1.296	1.100
54	1.820	1.376	1.200
55	2.000	1.460	1.300
56	2.064	1.552	1.400
57	2.126	1.650	1.500
58	2.188	1.758	1.600
59	2.250	1.874	1.700
60	2.314	2.000	1.800
61	2.376	2.134	1.900
62	2.438	2.272	2.000
63	2.500	2.418	2.100
64	2.500	2.418	2.200
65	2.500	2.418	2.300
66	2.500	2.418	2.400
67	2.500	2.418	2.500

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E. Employee Retirement Contribution

As stated in Government Code Section 20677.71, effective May 16, 2011, miscellaneous and industrial members in the First Tier retirement or the ARP, subject to social security, shall contribute eight percent (8%) of monthly compensation in excess of \$513 for retirement. Miscellaneous and Industrial members in the First Tier retirement or the ARP not subject to social security shall contribute nine percent (9%) of monthly compensation in excess of \$317 for retirement.

As stated in Government Code Section 20683.2, Industrial members shall pay an additional one percent (1%) employee retirement contribution to retirement. Effective July 1, 2013, Industrial members subject to social security shall contribute nine percent (9%) of pensionable compensation in excess of \$513 to retirement.

Industrial members not subject to social security shall contribute ten percent (10%) of pensionable compensation in excess of \$317 to retirement.

F. Final Compensation

Final Compensation for an employee, who is employed by the State for the first time and becomes a member of CalPERS prior to January 1, 2007, is based on the highest average monthly pay rate during twelve (12) consecutive months of employment.

Final Compensation for an employee, who is employed by the State for the first time and becomes a member of CalPERS on or after January 1, 2007, is based on the highest average monthly pay rate during thirty-six (36) consecutive months of employment.

8.2 Retirement - Safety Members State Safety A Formula (2.5% at age 55), State Safety 8 Formula (2% at age 55) and Public Employees' Pension Reform Act (PEPRA) State Safety Formula (2% at age 57)

A. State Safety retirement members first employed by the State prior to January 15, 2011 are subject to the State Safety A retirement formula.

B. State Safety retirement members first employed by the State on or after January 15, 2011 and prior to January 1, 2013 are subject to the State Safety B Retirement Formula. The State Safety B Retirement Formula does not apply to:

- Former state employees who return to state employment on or after January 15, 2011.

- State employees hired prior to January 15, 2011 who were subject to the Alternate Retirement Program (ARP).
- State employees on approved leave of absence prior to January 15, 2011 who return to active employment on or after January 15, 2011.
- Persons who are already members or annuitants of the California Public Employees Retirement System as a state employee prior to January 15, 2011.

The above categories are subject to the State Safety A retirement formula.

C. Employees who are brought into Cal PERS membership for the first time on or after January 1, 2013 and who are not eligible for reciprocity with another California public employer as provided in Government Code Section 7522.02(c) shall be subject to the "PEPRA Retirement Formula." As such, the PEPRA changes to retirement formulas and pensionable compensation caps apply only to new CalPERS members subject to PEPRA as defined under PEPRA.

D. The table below lists the age/benefit factors for State Safety A, State Safety B, and PEPRA State Safety.

Age at Retirement	State Safety A Formula (2.5% at age 55) G.C. 21369.1	State Safety B Formula (2% at age 55) G.C. 21369	PEPRA State Safety Formula (2% at age 57) G.C. 7522.25(b)
	Employees hired prior to January 15, 2011	Employees first hired on and after January 15, 2011 and prior to January 1, 2013	Employees eligible for CalPERS Membership for the first time on and after January 1, 2013
50	1.700	1.426	1.426
51	1.800	1.522	1.508
52	1.900	1.628	1.590
53	2.000	1.742	1.672

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54	2.250	1.866	1.754
55 and over	2.500	2.000	1.836
56	N/A	N/A	1.918
57 and over	N/A	N/A	2.000

E. Employee Retirement Contribution

As stated in Government Code Section 20683.2, State Safety members shall contribute an additional one percent (1 %) retirement contribution. Effective July 1, 2013, State Safety members shall contribute ten percent (10%) of monthly pensionable compensation in excess of \$317 for retirement.

Effective July 1, 2014, State Safety members shall contribute an additional one percent (1%) retirement contribution. State Safety members shall contribute eleven percent (11 %) of pensionable compensation in excess of \$317 for retirement.

F. Final Compensation

Final Compensation for an employee, who is employed by the State for the first time and becomes a member of CalPERS prior to January 1, 2007, is based on the highest average monthly pay rate during twelve (12) consecutive months of employment.

Final Compensation for an employee, who is employed by the State for the first time and becomes a member of CalPERS on or after January 1, 2007, is based on the highest average monthly pay rate during thirty-six (36) consecutive months of employment.

8.3 Second-Tier Retirement Plan

Unit 10 members may participate in the Second-Tier retirement plan as prescribed by Government Code Section 21070.5.

A. Second Tier members first employed by the State and subject to CalPERS membership prior to January 1, 2013 are subject to the Pre-PEPRA Second Tier retirement formula.

B. Employees who are brought into CalPERS membership for the first time on or after January 1, 2013 and who are not eligible for reciprocity with another California public employer as provided in Government Code Section 7522.02(c) shall be subject to the "PEPRA Retirement Formula." As such, the PEPRA changes to retirement formulas

and pensionable compensation caps apply only to new CalPERS members subject to PEPRA as defined under PEPRA.

C. The table below lists the Second Tier age/benefit factors for the Pre-PEPRA and PEPRA retirement formulas.

Age at Retirement	Pre-PEPRA Formula (1.25% at age 65)	PEPRA Formula (1.25% at age 67)
	Employees first hired on and subject to CalPERS Membership prior to January 1, 2013	Employees eligible for CalPERS Membership for the first time on and after January 1, 2013
50	0.5000	N/A
51	0.5500	N/A
52	0.6000	0.6500
53	0.6500	0.6900
54	0.7000	0.7300
55	0.7500	0.7700
56	0.8000	0.8100
57	0.8500	0.8500
58	0.9000	0.8900
59	0.9500	0.9300
60	1.0000	0.9700
61	1.0500	1.0100
62	1.1000	1.0500
63	1.1500	1.0900
64	1.2000	1.1300
65	1.2500	1.1700
66	1.2500	1.2100
67	1.2500	1.2500

D. Employee Contribution

As stated in Government Code Section 20683.2, effective July 1, 2013, Second Tier members, including ARP members, shall contribute one and one-half percent (1.5%) of monthly pensionable compensation

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for retirement, and will increase by 1.5% points annually. The final annual increase in the contribution rate shall be adjusted as appropriate to reach fifty percent (50%) of normal cost.

E. Final Compensation

Final Compensation for an employee, who is employed by the State for the first time and becomes a member of CalPERS prior to January 1, 2007, is based on the highest average monthly pay rate during twelve (12) consecutive months of employment.

Final Compensation for an employee, who is employed by the State for the first time and becomes a member of CalPERS on or after January 1, 2007, is based on the highest average monthly pay rate during thirty-six (36) consecutive months of employment.

8.4 Savings Plus Program

A. The Savings Plus Program is comprised of an IRC 457 plan, and IRC 401(k) plan.

All Unit 10 employees shall be eligible to participate in these program options. Participation shall be voluntary.

B. The Savings Plus Program shall maintain a brokerage option available to all participants. The brokerage option offered shall provide the broadest array and number of investments practicable included in the program. All costs for the brokerage option shall be paid by participants enrolled in the brokerage program.

C. CalHR agrees to continue the Savings Plus Advisory Committee. Members shall include CalHR staff and interested management, legislative and employee organization representatives.

8.5 Items Excluded from Compensation for Retirement Purposes

The State and CAPS agree that the following items shall be excluded from compensation for the purposes of retirement contributions:

<u>ARTICLE/SECTION</u>	<u>TITLE</u>
Article 6, Section 4	Uniform Replacement Allowance
Article 2, Section 7	Diving Pay
Article 19, Section 6	Transportation Incentives

8.6 Enhanced Industrial Retirement

The state agrees to provide enhanced industrial disability benefits as described in Government Code Section 20047 when a Unit 10 scientist has been injured as a result of a violent act by a patient or client in a forensic facility.

8.7 Public Employees' Pension Reform Act of 2013 (PEPRA)

A. PEPRA Definition of "Pensionable Compensation"

Retirement benefit for employees subject to PEPRA are based upon the highest average pensionable compensation during a thirty-six (36) month period. Pensionable compensation shall not exceed the applicable percentage of the contribution and benefit base specified in Title 42 of the United States Code Section 430 (b). The 2013 limits are \$113, 700 for members subject to Social Security and \$136,440 for members not subject to Social Security. The limit shall be adjusted annually based on changes to the Consumer Price Index for all Urban Consumers.

B. Alternate Retirement Program - New Employees

Employees first hired on or after July 1, 2013 shall not be subject to the Alternate Retirement Program (ARP). Existing ARP members are required to complete the twenty-four (24) month enrollment period. Upon completion of the twenty-four (24) month period, the employee shall make contributions to CalPERS. ARP members shall continue to be eligible for payout options beginning the first day of the 47th month of employment and ending on the last day of the 49th month of employment following his or her initial ARP hire date.

8.8 Tax Treatment of Employee Retirement Contributions

In accordance with that Executive Order and with Internal Revenue Service guidance under Revenue Ruling 2006-43, this formalizes the implementation of section 414(h)(2) with regard to Employee Contributions to CalPERS that are made by the Employer on behalf of its employees. For this purpose, "Employee Contributions" means those contributions that are deducted from employees' salary and credited to individual employees' accounts under CalPERS. This Article specifically

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covers Employee Contributions made on behalf of employees covered by the collective bargaining agreement to which the Article relates.

A. Pick up of Employee Contributions

In accordance with section 414(h)(2) of the Internal Revenue Code, the Employer may “pick up” the Employee Contributions under the following terms and conditions:

- The contributions made by the Employer to Cal PERS, although designated as Employee Contributions, are being paid by the Employer in lieu of contributions by the employees who are members of CalPERS;
- Employees do not have the option of choosing to receive the contributed amounts directly instead of having them paid by the Employer to CalPERS;
- The Employer is paying to CalPERS the contributions designated as Employee Contributions from the same source of funds as used in paying salary; and
- The amount of the contributions designated as Employee Contributions and paid by the Employer to CalPERS on behalf of an employee is the entire contribution required of the employee under CalPERS.

B. Tax Characterization of Picked-Up Employee Contributions

All Employee Contributions picked up by the Employer in accordance with Section 414(h)(2) of the Internal Revenue Code are, for tax purposes, treated as employer contributions and therefore are not includable in employee’s taxable income until distributed from CalPERS. This Article formalizes the Employer’s continuing characterization of Employee Contributions as employer contributions under section 414(h)(2). Accordingly, Employee Contributions covered by this Article will continue to be excluded from employee’s taxable income under section 414(h)(2).

C. Wage Adjustment

Notwithstanding anything to the contrary, employees’ salary will be reduced by the amount of Employee Contributions that are made by the Employer in accordance with the terms of this Article.

D. Limitations to Operability

This Article will be operative only as long as the Employer pick-up of Employee Contributions continues to be excludable from employees’ taxable income under the Internal Revenue Code.

E. No Arbitration

The parties agree that nothing in this Article will be subject to the grievance and arbitration procedures set out in the collective bargaining

agreement to which the Article applies.

8.9 Prefunding of Postretirement Health Benefits

The State and Bargaining Unit 10 hereby agree to share in the responsibility toward the prefunding of post-retirement health benefits for members of Bargaining Unit 10; and agree that the foregoing concepts will be implemented as a means to begin to offset the future financial liability for health benefits for retired members.

A. Beginning July 1, 2017, the State and Bargaining Unit 10 will prefund retiree healthcare, with the goal of reaching a 50 percent cost sharing of actuarially determined total normal costs for both employer and employees by July 1, 2019. The amount of employee and matching employer contributions required to prefund retiree healthcare shall increase by the following percentages of pensionable compensation;

1. July 1, 2017: by 0.7 percent,
2. July 1, 2018: by 0.7 percent, for a total of 1.4 percent,
3. July 1, 2019: by 1.4 percent, for a total of 2.8 percent.

B. Employees Subject to Other Post Employment Benefit (OPEB) Prefunding

All Bargaining Unit members who are eligible for health benefits must contribute, including permanent intermittent employees. Bargaining unit members whose appointment tenure and/or time base make them ineligible for health benefits, such as: seasonal, temporary, and employees whose time base is less than halftime, do not contribute. The employee prefunding contribution for a permanent intermittent employee shall be based on a ratio comparing their annual scheduled hours of work in comparison to those of a corresponding permanent employee for that position. Bargaining unit members not subject to OPEB prefunding shall begin contributing upon attaining eligibility for health benefits. New hires and employees transferring into Bargaining Unit 10 shall begin contributing immediately, unless they are not subject, as set forth above.

C. Withholding of Contributions

Contributions shall be withheld from employee salary on a pre-tax basis, except for employees on disability, in which case contributions will be withheld post-tax. Positive pay employee contributions shall be taken in arrears, based on the prior month's hours worked. Positive pay employees paid semi-monthly, will have the whole month's contributions withheld from the second warrant during each monthly pay period.

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1. Employees with a single hourly appointment shall have contributions withheld only up to the amount that would have been deducted had the employee held a full-time appointment.

2. Employees with an appointment subject to OPEB prefunding and an additional appointment in a bargaining unit not subject to OPEB prefunding, shall have contributions withheld only from the appointment subject to OPEB prefunding.

3. Employees with multiple appointments subject to OPES prefunding shall have contributions computed by combining all subject appointments, provided the results do not exceed the amount earnable in full-time employment, as follows:

a. Employees with a full-time appointment and an additional appointment (e.g., hourly), shall have contributions withheld from the full-time appointment only.

b. Employees with multiple part-time or hourly appointments, shall have contributions withheld from any/all appointments, up to the amount that would have been deducted had the employee held a full-time appointment.

If an employee has multiple hourly appointments, the highest pay rate will be used to compute what the deduction would be if the employee held a full-time appointment at that pay rate. For employees with a part-time and hourly appointment, the deduction amount will be computed based upon the part-time appointment's pay rate.

D. Contributions paid pursuant to this agreement shall not be recoverable under any circumstances to an employee or his/her beneficiary or survivor.

E. The costs of administering payroll deductions and asset management shall be deducted from the contributions and/or account balance.

F. The parties agree to support any legislation necessary to facilitate and implement prefunding of retiree health care obligations.

8.10 Employer Contribution for Retiree Health Benefits

This section shall apply to all employees in Unit 10 first employed by the State on or after January 1, 2016.

A. The employer contribution for each annuitant enrolled in a basic plan shall not exceed 80 percent of the weighted average of the Basic health benefit plan premiums for an employee or annuitant

enrolled for self-alone, during the benefit year to which the formula is applied. For each employee or annuitant with enrolled family members, the employer contribution shall not exceed 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied.

1. "Weighted average of the health benefit plan premiums" as used in this section shall consist of the four Basic health benefit plans that had the largest enrollment of active state employees, excluding family members, during the previous benefit year.

2. This section shall apply to all employees first hired on or after January 1, 2016.

B. The employer contribution for an annuitant enrolled in a Medicare Supplemental Plan in accordance with Government Code section 22844 shall not exceed 80 percent of the weighted average of the health benefit plan premiums for an annuitant enrolled in Medicare Supplemental Plan for self-alone, during the benefit year to which the formula is applied. For each employee or annuitant with enrolled family members. the employer contribution shall not exceed 80 percent of the weighted average of the additional premiums required for enrollment of those family members, during the benefit year to which the formula is applied.

1. "Weighted average of the health benefit plan premiums" as used in this section shall consist of the four Medicare Supplemental Plans that had the largest enrollment of state annuitants, excluding family members, during the previous benefit year.

2. The employer contribution shall not exceed the amount calculated under this section if the employee or annuitant is eligible for Medicare Part A, with or without cost. and Medicare Part B, regardless of whether the employee or annuitant is actually enrolled in Medicare Part A or Part B.

3. This section shall apply to all employees and annuitants first hired on or after January 1, 2016.

C. State employees and annuitants in BU 10 hired on or after January 1, 2016 shall be ineligible to receive any portion of the employer's contribution for annuitants towards Medicare Part B premiums, as defined in Government Code section 22879.

D. This section does not apply to:

1. State employees previously employed before January 1, 2016, who return to state employment on or after January 1, 2016: and

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2. State employees on an approved leave of absence employed before January 1, 2016, who return to active employment on or after January 1, 2016.

E. The parties agree to support any legislation necessary to facilitate and implement this provision.

8.11 Health Benefit Vesting

A. The following vesting schedule shall apply to state employees in Unit 10 first employed by the State prior to January 1, 2016.

Health Benefit Vesting	
Credited Years of Service (For Employees in state service prior to January 1, 2016)	Percent of Employer Contribution
10	50
11	55
12	60
13	65
14	70
15	75
16	80
17	85
18	90
19	95
20 or more	100

B. The following vesting schedule shall apply to state employees in Unit 10 first employed by the State on or after January 1, 2016.

C. The portion of the employer contribution toward post-retirement health benefits will be based on credited years of service at retirement per the following chart entitled "Health Benefits Vesting". The minimum number of years of State service at retirement to establish eligibility for any portion of the employee contribution will be 15 years. This section will apply only to State employees who were under a service retirement.

D. State employees as defined in B above, who become BU 10 employees after January 1, 2016 shall not receive any portion of the employer's contribution payable for retirement health benefits unless those employees are credited with 15 years of State service as defined by law.

E. The percentage of employer contribution payable for post-retirement health benefits for an employee subject to this section is based on the member's completed years of credited State service at retirement as shown in the following table:

Heath Benefit Vesting	
Credited Years of Service (For Employees new to state service on or after January 1, 2016)	Percent of Employer Contribution
15	50
16	55
17	60
18	65
19	70
20	75
21	80
22	85
23	90
24	95
25 or more	100

F. This section shall apply only to State employees who retire for service.

G. Benefits provided an employee by this section shall be applicable to all future State service.

H. For the purposes of this section. State service shall mean service rendered as an employee or officer (employed, appointed or elected) of the State for compensation.